

Customer Focus

An Interview with F. Mark Gumz,
President and Chief Executive Officer, Olympus Corporation of the Americas



F. Mark Gumz

EDITORS' NOTE A graduate of The Ohio State University, Mark Gumz began his career with General Electric. He then held management positions with Marubeni America, served as Vice President of Olympus Camera Corporation, and was involved with several start-up companies before rejoining Olympus in January 2000 as President and COO of Olympus America Inc. On April 1, 2008, he assumed his current position as the first American CEO of the holding company Olympus Corporation of the Americas.

COMPANY BRIEF Headquartered in Center Valley, Pennsylvania, Olympus Corporation of the Americas is a wholly-owned subsidiary of Tokyo-based Olympus Corporation (www.olympus-global.com), a precision technology provider of opto-digital solutions. Health care offerings include flexible endoscopes, EndoTherapy accessories and minimally invasive surgical products, advanced clinical and research microscopes, diagnostic lab automation systems, and chemistry-immuno and blood bank analyzers. Olympus's medical products account for about 50 percent of total sales. Further, Olympus Corporation is a maker of digital cameras and digital audio recorders and binoculars, as well as industrial microscopes, nondestructive testing instruments, printers, and bar code scanners.

Are you pleased with the strength of Olympus's business, and are there signs of continued growth?

Yes, we are positive, largely because of the growth of our medical business. We've acquired a surgical company, Gyrus ACMI, Inc., which added more than \$400 million to operating revenue in the Americas. For the first time, we will have manufacturing facilities in the U.S. The acquired entity is involved in areas that complement our existing portfolio, and will enable us to become a more significant player in the surgical field. In addition, our life science business is growing, given the interest in clinical digital imaging and molecular testing. In imaging, our digital single lens reflex [SLR] lineup is a hot new product category. Olympus is fortunate to be among the top three companies in that market, and we're fighting for even stronger market share. We've introduced some brilliant imaging products in the past year, and we'll continue to add lenses and other accessories to round out that product offering.

What makes the Olympus brand unique?

Differentiation is the most important part of what Olympus is known for. At the end of the day, everything can be turned into a commodity, so you have to find ways to represent not just value but also relevance. We continue to do this in all of our product categories. For example, we developed an endoscope technology called narrow band imaging, which alters the white light source to only include specific bands known to enhance visualization of human tissue. We think this innovation will have a significant long-term impact by supporting physician diagnosis and treatment of disease.

Clinical digital imaging is a differentiating opportunity for Olympus as well. We've always been known as an optical-based company, but when you add clinical digital imaging, it holds the potential to provide a remote review capability for diagnoses, and this opens up interesting future possibilities.

In our consumer products, we've differentiated with our SW series, a shockproof, waterproof, freeze-proof, and crush-proof line of digital cameras; no one else offers these features. With our digital SLR line, we have made smaller and lighter lenses, so you really can carry your camera wherever you go.

We're also differentiating ourselves in our market in Pennsylvania. We have a brand new green office building with conference center functions in a spectacular setting with mountain views and a lake on the 54-acre property. We

are proud of the wonderful daycare center, with infant to full-day kindergarten curriculum for our employees' children, and our active employee volunteer program. People work for more than just salaries and bonuses; people want to work for a company that stands for something. So that's how we're differentiating ourselves in the market.

What has made Pennsylvania such an advantageous location for Olympus?

It's about proximity. We are about an hour from Philadelphia, and an hour and 15 minutes from New York. We're within 50 miles of 80 percent of the world's biopharmaceutical industry. Twenty percent of the doctors in the United States were educated in eastern Pennsylvania's medical schools. So we're very close to our customer base and can have direct relationships with the people developing new procedures. We were also attracted to Pennsylvania by its Keystone Opportunity Zone [KOZ] program, which allows us to operate in a tax-free environment until the year 2014, based on earn-outs. We don't pay sales tax on anything we bring into the zone, nor corporate income tax, and we are also free of county and local taxes. But, being a good corporate citizen, in lieu of tax payments, we're making contributions to the local school district, as well as to the local township.

More students attend college in Pennsylvania from out of state than any other state, and Pennsylvania has created programs to encourage graduates to stay and build careers after graduation. We are recruiting college students for our Olympus Fellows program, and we're in a unique position to draw upon this talent. We're a "cool" company to the generation coming out of college because Olympus contributes in a very positive way to society. Over half of our new products are green. Every facility we have built in the past three years is a green facility. It's a wonderful place to build a career.

What are your focus areas for the continued growth of the Olympus brand?

Our key priority will always be on what our customers need to achieve top results. At the end of the day, the people we have to stay closest to are our customers. I personally try to be in the field a few days a week, interacting with customers, because the customer's voice is so critical. You may hear things you don't want to hear, and that's a good thing. It helps you to better serve your customer and that's good for our long-term relationship and for our company. ●